GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA

STARRED QUESTION NO:369
ANSWERED ON:14.12.2000
LIQUIDATED COMPANIES
GANTA SRINIVASA RAO;RAMDAS ATHAWALE

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Department of Company Affairs has taken action against those companies which have duped the small investors;

(b) if so, the details thereof;

(c) the details of companies against whom the action for liquidation is being taken; and

(d) the steps being taken by the Union Government to locate such companies and ensure the return of money especially to small investors from the companies?

Answer

THE MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS AND SHIPPING (SHRI ARUN JAITLEY)

(a) : Yes, Sir.

(b) : 142 erring companies were identified as vanishing companies by Securities and Exchange Board of India (SEBI), out of these, Department of Company Affairs (DCA) initiated prosecutions against 93 companies, under the provisions of Companies Act, 1956. No prosecutions have been initiated against 37 companies which are regular in filing their statutory documents like Balance Sheet and Annual Returns. 08 companies are under liquidation. The assets of 03 companies have been taken over by the State Governments of Punjab and Karnataka (2 companies and 1 company respectively) and01 company is under Board of Industrial Finance and Rehabilitation (BIFR) proceedings.

(c) & (d) : Out of the 93 companies as mentioned in (b) above, 24 companies are identified as non traceable even after due enquiries. Instructions have been issued to the field organisations to initiate winding up proceedings u/s 433/439 of the Companies Act, 1956 against these 24 companies so that amount can be realised from the assets of these companies by the Liquidator for payment as per Court`s orders under the provisions of the Companies Act, 1956. . Field organisations have also been instructed to refer these companies to Regional Economic Intelligence Agencies. Police complaints have also been filed against 24 companies. The DCA has also written to the Chief Secretaries and Finance Secretaries ofconcerned States for taking penal action against the aforesaid 24 companies under Investors Protection Act (wherever applicable) and or/Indian Penal Code.